Lesson 4: Systems Acquisition Management: Organizations and Acquisition Categories

Organizations Involved in Defense Acquisition

- The Executive Branch
- The Congress
- Industry

There are three primary organizations that influence the defense acquisition community: the Executive Branch, Congress, and industry. Each participant plays a significant role in the acquisition process.

The Executive Branch

The Executive Branch includes the President, the Department of Defense, the Office of Management and Budget (OMB), the Department of State, and the National Security Council (NSC). These participants:

- Formulate, direct, and execute national security policy.
- Issue directives and regulations.
- Exercise command and control of unified commands through the Chairman of the Joint Chiefs of Staff (CJCS).
- Make decisions on defense acquisition programs.
- Sign legislation into law.
- Field weapon systems to counter threats.

The Congress

Congressional activities include:

- Representing interests of their constituents.
- Debating, voting, and passing legislation.
- Setting resource ceilings (e.g., for manpower and equipment).
- Raising taxes and providing budget authority.
- Balancing defense and social needs.
- Controlling public debt.

Congress uses various committees to assist with the legislative oversight of defense activities.

Industry

The defense industry (contractors) includes large and small organizations that provide goods and services to DOD. These organizations:

- Represent interests of their owners or stockholders.
- Respond to requests for proposals.

- Propose solutions.
- Design and produce systems.
- Upgrade and support systems.
- Generate profit and growth.

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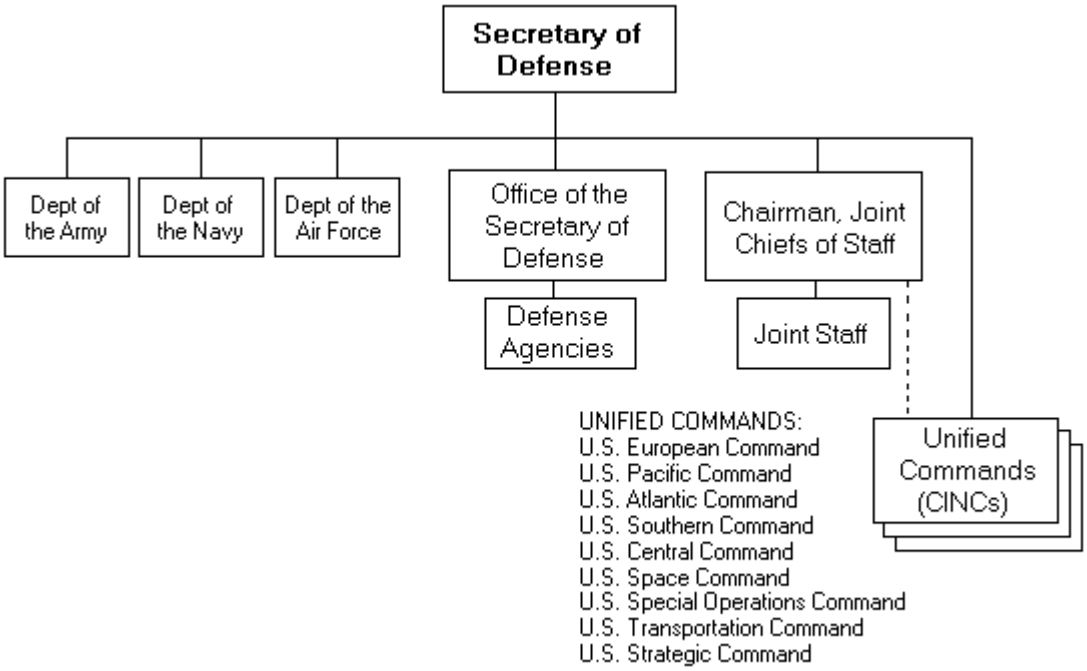
Department of Defense Organization

- Secretary of Defense
- The Office of the Secretary of Defense
- Under Secretary of Defense (USD) Comptroller
- USD (Policy)
- Director, Program Analysis & Evaluation
- Director, Operational Test & Evaluation
- Assistant Secretary of Defense Command, Control, Communications and Intelligence (ASD (C3I))
- Under Secretary of Defense Acquisition and Technology (USD (A&T))
- Defense Acquisition Board (DAB)

Before looking at the different acquisition categories, it is important to understand the role of the key players who have an impact on the acquisition workforce and programs and the organizational structure within the Department of Defense.



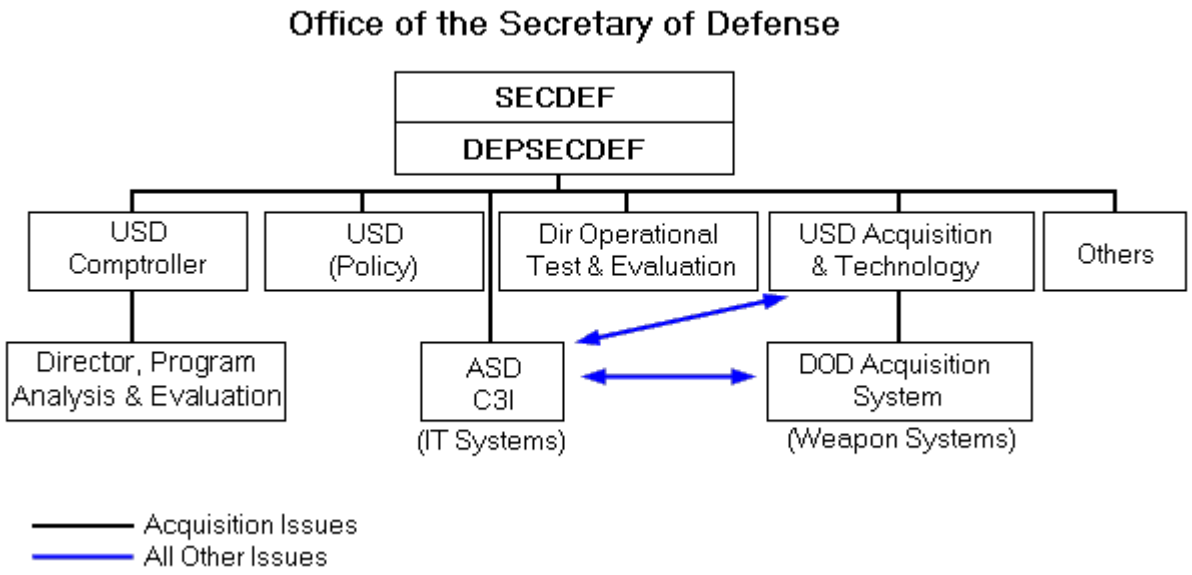
Secretary of Defense

The Department of Defense is headed by the Secretary of Defense, also known as the SECDEF. The SECDEF is a Cabinet-level position created by the National Security Act of 1947.

The Secretary of Defense is "the principal assistant to the President in all matters relating to the national security", is responsible for establishing the "general policies and programs" for the military departments and agencies, and exercises "general direction, authority, and control" over those entities.

The Office of the Secretary of Defense

The Secretary of Defense staff members are referred to as the Office of the Secretary of Defense (OSD). These staff members help the SECDEF manage the Armed Forces of the United States.



USD Comptroller

The Under Secretary of Defense (USD) Comptroller controls the budget and the release of funds. The USD Comptroller is responsible for the budgeting phase of the Planning, Programming, and Budgeting System (PPBS).

USD (Policy)

USD (Policy) is charged with approving certain aspects of programs involving other nations and is responsible for the planning phase of PPBS.

Director, Program Analysis & Evaluation

The Director, Program Analysis & Evaluation is responsible for the programming phase of PPBS. The Director conducts program analyses and reviews to ensure money is spent properly and in a timely manner.

Director, Operational Test & Evaluation

The Director, Operational Test & Evaluation provides independent assessment of the operational effectiveness and suitability of new weapon systems. The Director sends Operational Test & Evaluation reports directly to the SECDEF and Congress.

Assistant Secretary of Defense Command, Control, Communications, & Intelligence (ASD (C3I))

ASD (C3I):

- Is Principal Staff Assistant (PSA) and advisor to the SECDEF and DEPSECDEF for information technology.
- Serves as the DOD's Chief Information Officer (CIO).
- Establishes software policy and practices.

Under Secretary of Defense Acquisition and Technology (USD (A&T))

The USD (A&T):

- Is the Defense Acquisition Executive (DAE).
- Establishes policy and procedures for DOD acquisition matters.
- Chairs the Defense Acquisition Board (DAB).
- Makes program milestone decisions for Major Defense Acquisition Programs (MDAPs).

Defense Acquisition Board (DAB)

The DAB is the Department's senior-level forum for advising the USD (A&T) on critical decisions concerning designated acquisition programs. The DAB is composed of the Department's senior acquisition officials as well as a user representative (Vice Chief, Joint Chiefs of Staff).

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What Are Acquisition Categories?

Acquisition categories, or ACATs, are established to determine the level of management review, decision authority, and applicable reporting requirements for a program. The ACAT designation determines the level of review and types of decisionmakers involved in the program. DOD 5000.2-R specifies the criteria for acquisition categories.

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Types of Acquisition Categories

There are ACATs for weapon systems and Command, Control, Communications, Computers, and Intelligence (C4I) Systems as well as for Automated Information Systems (AIS).

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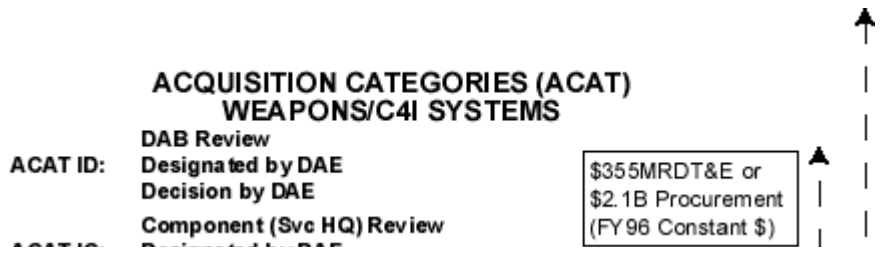
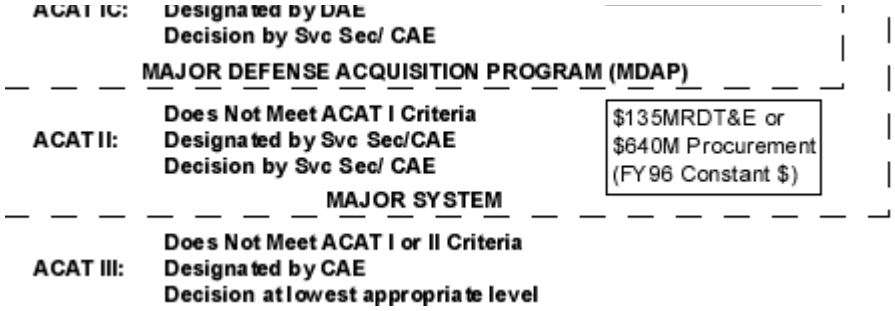
What Are the Weapons/C4I Systems Acquisition Categories?

ACATs for weapons systems and C4I systems are divided into three main categories.

- ACAT I (ID + IC)
- ACAT II
- ACAT III





ACAT I Programs

ACAT I programs are Major Defense Acquisition Programs. An MDAP is defined as a program estimated by the Under Secretary of Defense (Acquisition & Technology) to require eventual expenditure for:

- Research, development, test, and evaluation (RDT&E) of more than $355 million (FY 1996 constant dollars), or
- Procurement of more than $2.1 billion (FY 1996 constant dollars).

ACAT I programs also include any program designated by the USD (A&T) to be an ACAT I (e.g., because of Congressional interest, international considerations).

ACAT I Program Subcategories

The USD (A&T) designates programs as ACAT ID or ACAT IC.

- For ACAT ID the Milestone Decision Authority (MDA) is USD (A&T). The "D" in ACAT ID refers to the Defense Acquisition Board, which advises the USD (A&T) at milestone reviews.

- For ACAT IC the MDA is the DOD Component Head or, if delegated, the DOD Component Acquisition Executive (CAE). The "C" refers to Component.

DOD Component Acquisition Executive (CAE)

A CAE is a single official within a DOD component who is responsible for all acquisition functions within that component. This includes Service Acquisition Executives (SAEs) for the military departments and acquisition executives in other DOD components, such as the U.S. Special Operations Command (USSOCOM) and Defense Logistics Agency (DLA), who have acquisition management responsibilities.

ACAT II Programs

ACAT II programs are defined as those acquisition programs that do not meet the criteria for an ACAT I program, but do meet the criteria for a Major System. The Milestone Decision Authority for ACAT II programs is the CAE.

ACAT II Major Systems

A Major System is defined as a program estimated by the DOD Component Head to require eventual expenditure for:

- Research, development, test, and evaluation of more than $135 million in FY96 constant dollars, or
- Procurement of more than $640 million in FY96 constant dollars.

Major Systems also include those programs designated by the DOD Component Head to be ACAT II.

ACAT III Programs

ACAT III programs are defined as those acquisition programs that do not meet the criteria for an ACAT II (for MDAPs) or ACAT IA (for AISs).

The Milestone Decision Authority is designated by the CAE and shall be at the lowest appropriate level.

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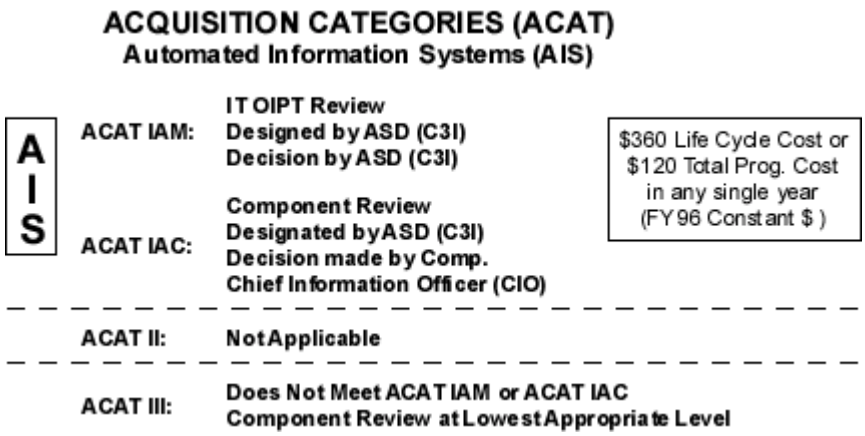
What Are the Automated Information Systems (AIS) Acquisition Categories?

ACATs for Automated Information Systems (AIS) are divided into two main categories:

- ACAT IA (IAM + IAC)
- ACAT III



ACAT IA Programs

ACAT IA programs are Major Automated Information Systems (MAISs). A MAIS is estimated by the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD (C3I)) to require:

- Program costs for any single year in excess of $30 million (FY96 constant dollars), or
- Total program costs in excess of $120 million (FY96 constant dollars), or
- Total life cycle costs in excess of $360 million (FY96 constant dollars).

ACAT IA programs also include those programs designated by the ASD (C3I) to be ACAT IA.

ACAT IA Subcategories

ACAT IA programs have two subcategories:

- ACAT IAM, for which the Milestone Decision Authority (MDA) is the Office of the Secretary of Defense (OSD) Chief Information Officer (CIO), the ASD (C3I).

- ACAT IAC, for which the MDA is the DOD Component Chief Information Officer (CIO). The "C"

in IAC refers to Component.

The ASD (C3I) designates programs as ACAT IAM or ACAT IAC.

ACAT III Programs

ACAT III programs are defined as those acquisition programs that do not meet the criteria for an ACAT IA. This category includes less-than-major AISs. There is no ACAT II for AISs.

The Milestone Decision Authority is designated by the DOD Component Acquisition Executive (CAE) and shall be at the lowest appropriate level.

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Who Determines the ACAT?

The user who originates a Mission Need Statement (MNS) determines if the need could potentially result in the initiation of a new program and makes a recommendation to the Milestone Decision Authority. An identified need should be considered as a potential ACAT I when:

- It requires new, leading-edge technologies and extensive development.
- It results in the initiation of a major performance upgrade to an existing system that is fielded in significant quantities.
- There is a doubt regarding the appropriate category.

However, the final ACAT determination is made by the appropriate MDA at Milestone 0 Review.

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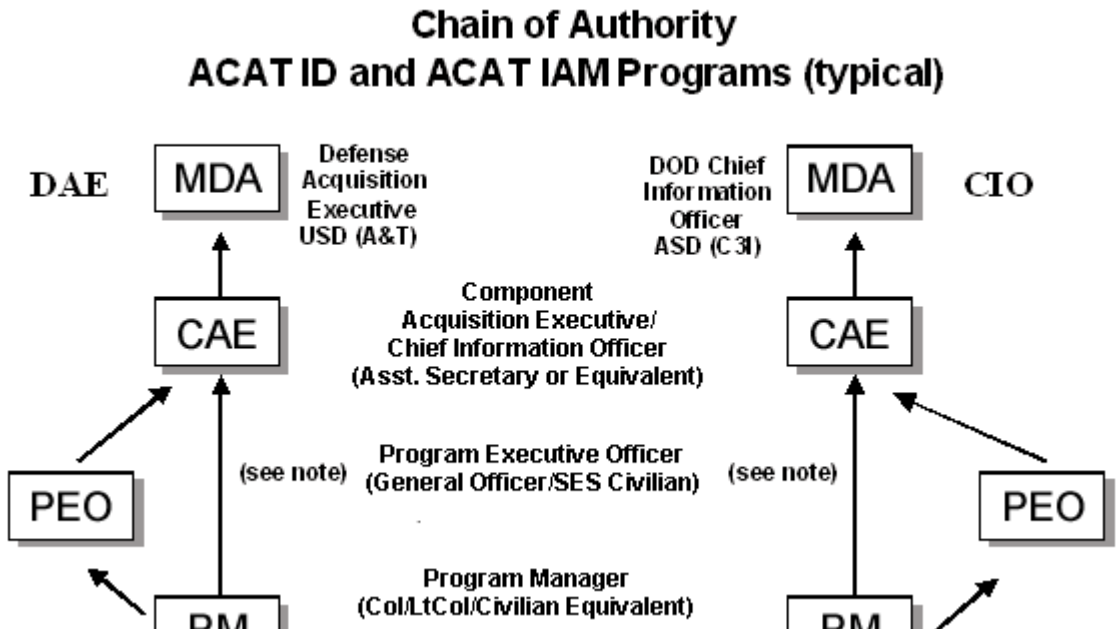
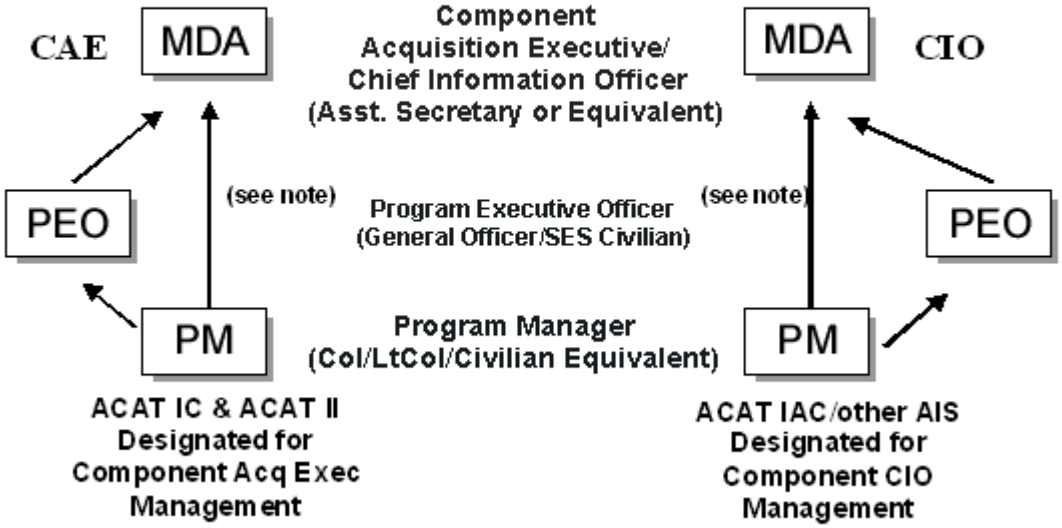
ACATs and Chain of Authority

For all acquisition programs, the review process depends upon the projected spending level or the level of interest a program may have within DOD. The guiding principle in all cases is that there should be no more than two levels of review between a Program Manager (PM) and the MDA.



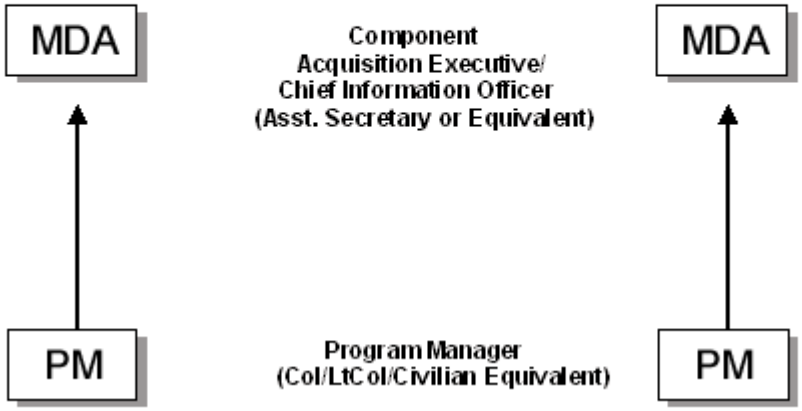
Note: Some PMs report direct and do not go through a PEO.

Chain of Authority (cont.)
ACAT IC, ACAT IAC, and ACAT II Programs (typical)



Note: Some PMs report direct and do not go through a PEO.

Chain of Authority (cont.)
ACAT III/IV* Acquisition Programs (typical)



* Army, Navy, and Marine Corps use ACAT IV designation

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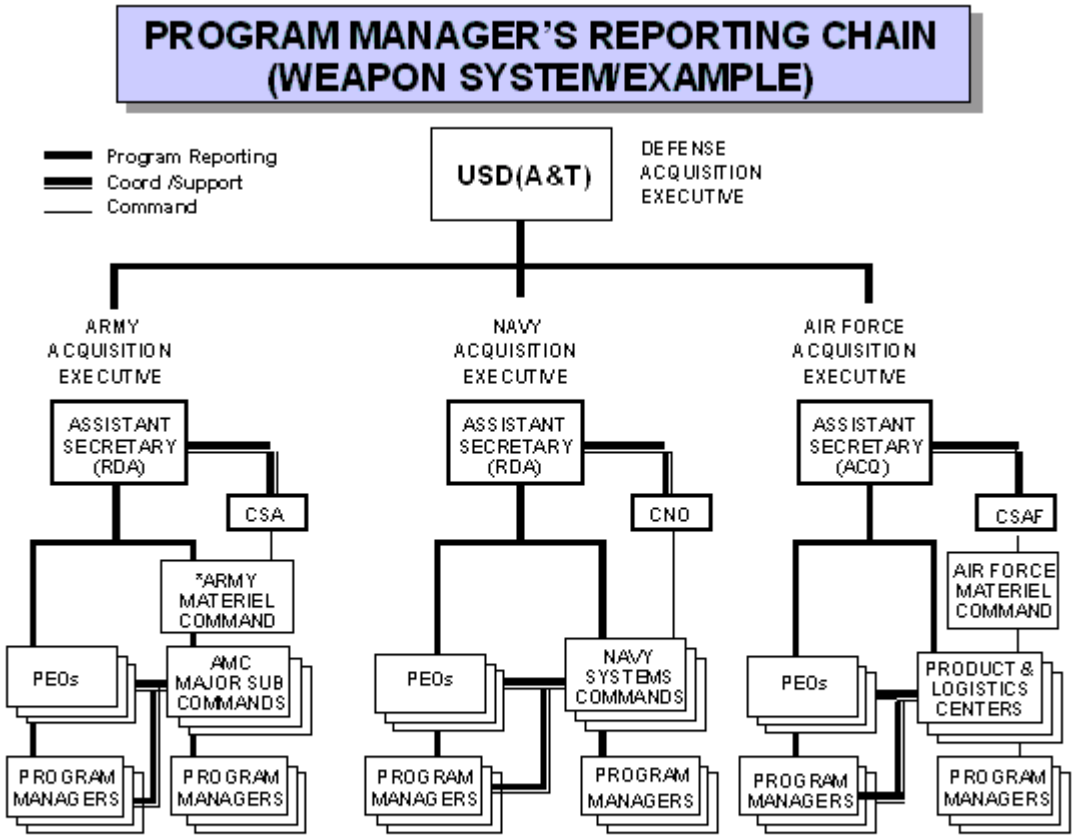
Program Manager's Reporting Chain

Although the Defense Acquisition Executive (DAE) is the top-level official for all defense acquisitions, the PM is in charge of all aspects of a particular program. As part of the acquisition workforce, you provide support to the PM, if not directly, then through a matrix organization or an Integrated Product Team (IPT).



Not Shown: Army Space & Strategic Defense Command, US Marine Corps and Defense Agency Program Managers, US Special Operations Command.

Note: Some PMs report to a major sub-command, product and logistics center, or systems command instead of a PEO.

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